



Doing Business In Paraguay: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Paraguay

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Market Overview

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- Paraguay is a small economy with a population of about six million and a per capita income of about US\$ 1,553. Paraguay's economy experienced several years of low or negative growth beginning in 1998. Following a period of improved macroeconomic policy and favorable market conditions for agriculture commodities, Paraguay grew since 2003 at an average rate of 4.5 percent, reaching 6.5 in 2007.
- Agriculture dominates exports and provides over a third of the jobs in the economy. Paraguay's principal trading partners are Brazil and Argentina, owing to proximity and Mercosur's common market. A significant portion of Paraguay's economy is in the informal sector including re-export trade of both legitimate and illicit goods to neighboring countries. Such transactions are not completely captured in Central Bank statistics.
- A tax reform law passed in 2004 has led to a reduction in the corporate tax rate from 30% to 10%. A personal income tax will be introduced in 2009. The law is aimed at reducing informality by providing incentives and making it easier for businesses and individuals to formalize.

Market Challenges

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- Two of the biggest issues are the protection of intellectual property rights and general informality in the form of tax evasion, including money laundering. Paraguay has a huge informal sector that generates billions of dollars every year and detracts from the formal economy. Improved enforcement and tax reforms have raised revenues, but most non-export related businesses still complain of unfair competition from the informal sector.
- Corruption has also been a major issue. Paraguay has been repeatedly rated among the most corrupt nations in the world by various NGOs. Both political and business environments have historically involved significant patronage. Although the government has taken steps to combat corruption, the problem persists, especially in the legal and judicial system where political interference undermines objectivity.

Market Opportunities

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- The principal areas for potential growth in the short term reflect the country's immediate need to improve its infrastructure, become more competitive within Mercosur, and increase its agriculture export based production. See Chapter 4 for additional details.
- Computers and accessories, semiconductors, entertainment equipment, toys/games/sporting goods, business machines and equipment, telecommunications equipment, household goods, commercial vessels, audio and visual tapes, and passenger cars are among the major U.S. exports to Paraguay. Continued re-exports and renewed economic growth should augment demand.
- Telecommunications has the potential to offer investment opportunities, but partly depends on reform of the state-owned telephone company. Cellular telephone service has been growing rapidly in recent years.
- Paraguay offers special incentives to promote its maquila assembly and distribution operations, and Paraguay enjoys lower taxes and labor costs than the other Mercosur countries.
- Paraguay has a well-developed river network and is working with its neighbors to improve the Paraguay-Parana waterway.
- Paraguay has a road network of approximately 37,284 miles of which only 2,800 miles are paved. Regional and multilateral development banks are financing over US\$ 500 million in new roadwork.
- There are two international airports, one in Asuncion and the other in Ciudad del Este, but both require communication system upgrades. A tender for about US\$ 20 million in new equipment has been awarded and is in the contract process.

Market Entry Strategy

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- Foreign firms interested in establishing operations in Paraguay should hire experienced local attorneys and/or representatives to assist them in operating in a sometimes confusing and non-transparent business environment.
- The selection of an appropriate agent/distributor is a determining factor in success or failure.
- Close contact and periodic visits by foreign suppliers are essential to help reinforce ties with local business counterparts.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1841.htm>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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Foreign firms interested in establishing operations in Paraguay should hire experienced local attorneys and representatives to assist them in operating in a sometimes confusing and non-transparent business environment. The selection of an appropriate agent/distributor is a determining factor in success or failure. Many local companies offer specialized marketing skills to foreign companies interested in the Paraguayan market.

One significant drawback to selling in Paraguay is law 194/93, which establishes the legal relationship between foreign companies and their Paraguayan representatives. The law requires the foreign company to prove just cause in a Paraguayan court to end a contractual relationship with a Paraguayan agent or distributor. If the relationship is ended without proving just cause, the foreign company must pay its representative an indemnity. The rights under this law cannot be waived as part of the contractual relationship between both parties. Some foreign companies have paid large sums when ending distribution relationships in Paraguay to avoid lengthy court cases or have maintained ineffective representatives to avoid such payments. However, the courts have also upheld in several instances the rights of foreign companies to terminate representational agreements, when these companies have been able to establish just cause.

Because Paraguay is a relatively small market compared to its neighbors, some unscrupulous local representatives of foreign products have accepted side payments from smugglers in return for turning a blind eye to shipments of pirated or gray market versions of those products transiting Paraguay and destined to Brazil and Argentina. Other representatives have re-exported large volumes of luxury items to distant, third

country markets in direct violation of their distribution agreements. These examples underscore the importance of independently monitoring the activities of representatives and licensees.

Establishing a Local Office

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The government of Paraguay allows foreign companies to establish branches or subsidiaries. A legally authorized representative must head the branch office, and voting board members must have Paraguayan residency. The documents listed below must be authenticated by a notary public and the Paraguayan consul in the country of the head office, and must be filed and recorded at the Registro Publico de Comercio with the Ministry of Industry and Commerce in Asuncion. Within ten days of completing this step, the same documents must be registered with the Inspection Department of the Vice Ministry of Taxation in the Finance Ministry. The multiple registration procedure was revamped in late 2006 when the government instituted a coordinated system among all the offices involved, to reduce the process to one step to be completed in a little over one month. The office in charge of this system is the SUAE--Sistema Unificado de Apertura de Empresas (<http://www.suae.gov.py/>).

Documents required:

1. The documents of incorporation and the by-laws of the company;
2. A certificate from a duly authorized government official or the Chamber of Commerce in the headquarters country, certifying the legitimacy of the head office in the country of origin;
3. Minutes from a meeting of the Board of Directors which:
 - Resolves to establish a branch office in the Republic of Paraguay,
 - Assigns nominal capital to the branch office (a minimum of US\$10,000 if related to export activities),
 - Establishes a domicile of the branch office in Paraguay,
 - Designates the person or persons to manage the branch office, and,
 - Grants power to the person designated to manage the branch office; and,
4. The legal instruments from the head office delegating management responsibilities in the subsidiary or branch office to the person or persons so designated.

Franchising

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Franchising operators are slowly penetrating the market. Several foreign companies have granted franchising rights to local firms in the areas of fast foods, laundry, clothing, and pest control. This could be a growth sector in the future as the economy recovers.

Direct Marketing

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Direct marketing is not widely used in Paraguay, although a handful of foreign products (toiletries and cosmetics, health products, kitchenware, and apparel) have been offered on the market through direct marketing for a number of years.

Joint Ventures/Licensing

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Law 117/91, which guarantees national treatment to foreign firms, also regulates joint ventures. Under the law, the government recognizes joint ventures established through formal legal contracts between the interested parties. McDonald's, for example, operates as a joint venture in Paraguay.

Licensing agreements are widely used for the local production of international brands. Many foreign firms have licensing arrangements with local companies in the areas of apparel, toiletries and cosmetics, pharmaceuticals, processed foods, and video recordings. Trademark infringement, especially of internationally recognized brands, is a serious problem in Paraguay.

Selling to the Government

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Since March 2004, all public contracting in Paraguay with a value over the equivalent of 20 local minimum daily wages must be done via the website of the Director General of Public Contracting, <http://www.contratacionesparaguay.gov.py>. The Public Contracting Law applies to the central government as well as to state and local entities. The contracting office screens tenders to avoid preferential specifications in an effort to avoid issuing tenders slanted toward a particular bidder. All bid documents are made freely available on-line, and once bids are awarded, the information on the winner and the final price is made publicly available on the website. Complaints are channeled through the Directorate rather than to the contracting entity, and most complaints so far have been adjudicated in favor of bidders.

Foreign firms can bid on tenders deemed “international,” which accounted for nearly half the total in 2006, and on “national” tenders through the foreign firms’ local legal agents or representatives. Local law grants Paraguayan products up to a ten percent price advantage over foreign products, although a foreign country selling local products would appear to compete on a level basis with a local company also offering local products. When comparing bids, products with less than 50 percent Paraguayan content have the import duties added to the bid, but only up to 10 percent of the value of the products. This augmented value is then compared to local bids when making awards.

International tenders are issued regularly for projects funded by the Inter-American Development Bank and the World Bank, and/or by the public entities themselves, covering electric energy transmission and distribution equipment, consulting and auditing services, fuel, communications equipment, medical and hospital equipment and instruments, computer hardware and software, among others.

U.S. firms participating in government tenders are strongly urged to contact the Embassy's Economic and Commercial Section, and submit an advocacy questionnaire through the Advocacy Center in Washington, D.C.,

<http://export.gov/Advocacy/assistance.html>, once the decision to participate has been made. Embassy advocacy in government tenders in the past has helped ensure a more transparent process, although the new, web-based system appears to be functioning well and has greatly increased transparency.

Distribution and Sales Channels

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Paraguay does not have preferred or special marketing channels. Imported merchandise can be marketed through subsidiaries of foreign companies, local importers, distributors, and/or dealers. The major distribution and sales centers are the cities of Asuncion, Ciudad del Este, and Encarnacion.

Imports enter the country by air through the Asuncion and Ciudad del Este international airports; by river through the ports on the Paraguay and Parana rivers, after transshipment at sea ports on the River Plate Basin; and by road to Asuncion, Encarnacion, Ciudad del Este, and Pedro Juan Caballero, after transshipment at sea ports in Southern Brazil, the River Plate Basin, and Northern Chile.

Selling Factors and Techniques

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Given that a relatively small percentage of the population understands English, it is generally recommended that sales brochures and material used in the country be in Spanish.

Electronic Commerce

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Paraguay has a very low level of Internet use. About two percent of the population has access to an Internet connection. Local credit card operators only recently authorized on-line operations due to concerns about credit card fraud, and a few e-commerce operations started to offer products to the public. Some of them, such as supermarket sites and electronic e-retailers, are used by Paraguayans living in other countries as an option to transfer resources to their relatives, sending goods or "credit coupons" instead of money. High fees discourage credit card use by businesses. With 12 banks in the local market, only one has a fully transactional website (<http://www.interbanco.com.py>).

In addition to commercial operations, a company will be able to use the Internet in Paraguay with good results for other business purposes, such as Customer Relationship Management (CRM), on-line helpdesks, promotions, and advertising.

B2B websites:

<http://www.ba.com.py>: Local e-business, CRM and marketing consulting firm.

<http://www.nic.py>: National domain name administration.

<http://www.oncost.com>: E-procurement services and consulting firm.

<http://www.yagua.com>: First Paraguayan website directory.

<http://www.capadi.org.py>: Paraguayan internet chamber.

Trade Promotion and Advertising

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The greater Asuncion area is Paraguay's principal advertising center, with over one-third of the total population. Principal media for advertising are television and the press. Other widely used media include radio, billboards, signs, and direct mail. Radio is the most important media in rural areas.

Newspapers widely used by local advertisers:

- Diario ABC Color: <http://www.abc.com.py>
- Diario La Nacion: <http://www.lanacion.com.py>
- Diario Ultima Hora: <http://www.ultimahora.com>

Principal television companies:

- Canal 4 Telefuturo: <http://www.telefuturo.com.py>
- Canal 9 SNT--Sistema Nacional de Television: <http://www.snt.com.py>
- Canal 13 RPC--Red Privada de Comunicación: <http://www.rpc.com.py>

Pricing

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Competitive prices and quality are important. Generally, the market is willing to pay a premium for higher quality products, although the premium is not always high, given the easy availability of substandard or counterfeit items, as well as competition from informal (i.e., tax evading) firms and contraband.

Value Added Tax (IVA in Spanish) is applied to all transactions related to the sale or import of goods, and personal services. In general the tax rate is ten percent, except for some items like pharmaceutical products, the sale of land, interest charges, commissions, and others, for which the tax rate is five percent. Prices are usually quoted with taxes included.

A Selective Consumption Tax (ISC in Spanish) created by the 2004 tax law is applied to certain imports and initial sales of national products. The tax rate varies from one to fifty percent, depending on the type of goods, and principally affects fuels, alcoholic beverages, tobacco, and certain goods classified as "luxury" items.

Sales Service/Customer Support

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The importance of customer support and follow-up cannot be overstated. Even after products have gained acceptance in the market, suppliers should maintain close contact with their local representatives to keep apprised of problems, and to assess the market jointly. Periodic visits by officials from the exporting company are essential to help reinforce ties with customers.

Protecting Your Intellectual Property

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Trademark infringement and counterfeiting are serious problems in Paraguay. Owners of patents, trademarks, and copyrighted materials are advised to register their products

with the Industrial Property Office in the Ministry of Industry and Commerce. The application for registering products should be written to include the following:

- Name of the company, business address and name of the company's owner(s), sponsor(s), and/or representative(s) in Paraguay;
- Name of the product and sample reproductions in various forms, such as graphic images;
- Specification of the products or services that will distinguish them from other brands, including physical characteristics; and,
- Power of attorney or some form of legal representation when the owner/sponsor cannot appear in person for the registration of the product. The applicant or his/her in-country representative must maintain an office in Asuncion.

Please refer also to Chapter 6, under Protection of Property Rights.

Due Diligence

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Normal procedures for performing due diligence that apply elsewhere are also recommended for Paraguay, including obtaining local legal counsel when evaluating new investments.

The Economic and Commercial Section of the U.S. Embassy in Asuncion, Paraguay, offers International Company Profile (ICP) reports on companies operating in the local market.

The following is a local business information firm often referred to by foreign companies in the same line of business:

- Informconf: <http://www.informconf.com.py>

Local Professional Services

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A. Local key trade associations:

- PARAGUAYAN-AMERICAN CHAMBER OF COMMERCE, Asuncion.
Web: <http://www.pamcham.com.py>.
- PARAGUAYAN-AMERICAN CHAMBER OF COMMERCE, Ciudad del Este.
E-mail: <mailto:amcham@telesurf.com.py>
- National chamber of commerce and services:
CAMARA NACIONAL DE COMERCIO Y SERVICIOS DEL PARAGUAY (CNCSP), Asuncion.
Web: <http://www.ccparaguay.com.py>
- Exporters trade association:
CAPEX—Camara Paraguaya de Exportadores, Asuncion
E-mail: capex@telesurf.com.py

- Customs house broker's trade association:
CENTRO DE DESPACHANTES DE ADUANA DEL PARAGUAY, Asuncion.
Web: <http://www.cdap.org.py>
- Importers and foreign manufacturer agents' trade association:
CENTRO DE IMPORTADORES DEL PARAGUAY, Asuncion.
Web: <http://www.cip.org.py>
- Federation of production cooperatives:
FECOPROD—Federacion de Cooperativas de Produccion, Asuncion
E-mail: fecoprod@uninet.com.py
- Federation of trade associations of business persons, ranchers, and industrialists:
FEPRINCO--Federacion de la Produccion, la Industria y el Comercio, Asuncion.
E-mail: <mailto:feprinco@quanta.com.py>
- Industrialist trade association:
UIP--Union Industrial Paraguaya, Asuncion.
Web: <http://www.uip.org.py>
- NGO, assists private enterprise with business opportunities and projects:
CEDIAL--Centro de Cooperacion Empresarial y Desarrollo Industrial, Asuncion.
Web: <http://www.cedial.org.py>
- NGO, assists private enterprise with business opportunities and projects:
PARAGUAY VENDE, Asuncion.
Web: <http://www.paraguayvende.com.py>
- Regional chamber of importers and business persons:
CICAP--Centro de Importadores Comerciantes del Alto Parana, Ciudad del Este.
Fax: (595-61) 510333

B. Paraguayan key government institutions related to trade:

- Customs Bureau:
DIRECCION NACIONAL DE ADUANAS, Asuncion.
Web: <http://www.aduana.gov.py>
- Export and Investment Promotion Bureau, under the Ministry of Industry and Commerce:
REDIEX—Red de Inversiones y Exportaciones, Asuncion.
Web: <http://www.rediex.gov.py>
- Industrial Property Bureau, under the Ministry of Industry and Commerce:
DIRECCION DE LA PROPIEDAD INDUSTRIAL, Ministerio de Industria y Comercio, Asuncion.
E-mail: dpi@mic.gov.py
- Ministry of Industry and Commerce:

MINISTERIO DE INDUSTRIA Y COMERCIO, Asuncion.

Web: <http://www.mic.gov.py>

- National Maquila Industry Council, under the Ministry of Industry and Commerce: CONSEJO NACIONAL DE LAS INDUSTRIAS MAQUILADORAS DE EXPORTACION (CNIME), Asuncion.

Web: <http://www.maquila.gov.py>

- Public Contracting Bureau: DIRECCION GENERAL DE CONTRATACIONES PUBLICAS, Asuncion.

Web: <http://www.contratacionesparaguay.gov.py>

A list of local attorneys is available upon request from the Economic and Commercial section of the U.S. Embassy in Asuncion, <mailto:SchaererB@state.gov>.

Web Resources

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Bank, Interbanco: <http://www.interbanco.com.py/>

First Paraguayan website directory: <http://www.yagua.com/>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

Paraguayan business information firm: <http://www.informconf.com.py/>

Paraguayan Central Bank: <http://www.bcp.gov.py/>

Paraguayan Chamber of Commerce and Services: <http://www.ccparaguay.com.py>

Paraguayan Customs Bureau: <http://www.aduana.gov.py>

Paraguayan Customs House Brokers Trade Association: <http://www.cdap.org.py>

Paraguayan domain name administration: <http://www.nic.py/>

Paraguayan E-Business, CRM and marketing consulting firm: <http://www.ba.com.py/>

Paraguayan E-Procurement services and consulting firm: <http://www.oncost.com/>

Paraguayan Export and Investment Promotion Bureau: <http://www.rediex.gov.py>

Paraguayan Importers Trade Association: <http://www.cip.org.py>

Paraguayan Industrialist Trade Association: <http://www.uip.org.py>

Paraguayan Internet Chamber: <http://www.capadi.org.py>

Paraguayan laws website: <http://www.leyes.com.py>

Paraguayan Maquila Industry Council, under the Ministry of Industry and Commerce:
<http://www.maquila.gov.py>

Paraguayan Ministry of Finance: <http://www.hacienda.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan newspaper ABC Color: <http://www.abc.com.py/>

Paraguayan newspaper La Nacion: <http://www.lanacion.com.py>

Paraguayan newspaper Ultima Hora: <http://www.ultimahora.com>

Paraguayan NGO business center, CEDIAL: <http://www.cedial.org.py>

Paraguayan NGO business center, Paraguay Vende: <http://www.paraguayvende.com.py>

Paraguayan one-stop office at the Ministry of Industry and Commerce to process the multiple registration procedures to open a business:
<http://suae.mic.gov.py/bpmSUA/portal/index.htm>

Paraguayan Public Contracting Bureau: <http://www.contratacionesparaguay.gov.py>

Paraguayan TV Channel 4: <http://www.telefuturo.com.py>

Paraguayan TV Channel 9: <http://www.snt.com.py>

Paraguayan TV Channel 13: <http://www.rpc.com.py>

U.S. Advocacy Center, Washington, D.C.: <http://export.gov/Advocacy/assistance.html>

U.S. Embassy Asuncion Commercial Service partner post in Sao Paulo, Brazil:
<http://www.focusbrazil.org.br>.

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

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 - [Toys, Games, and Sporting Goods](#)
 - [Telecommunications Equipment](#)
 - [Paraguay-Parana Waterway System or Hidrovia](#)
 - [Atlantic-Pacific Highway Project or Corredor Bioceanico](#)
 - [Asuncion Waterfront Project or Franja Costera](#)
 - [Maquila Assembly/Distribution Operations](#)
- 

Computers and Computer Accessories

Overview

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	2003	2004	2005	2006
Total Market Size /1/	10.0	20.0	no data	no data
Total Local Production	0	0	0	0
Total Exports	no data	no data	no data	no data
Total Imports /2/	no data	no data	no data	799.7
Imports from the U.S. /3/	195.5	371.1	507.0	546.9

Notes: In millions of U.S. dollars.

/1/ Estimate of local market, excluding the re-export trade.

/2/ Data reported by the Paraguayan Customs Bureau for Jan-Nov 2006.

/3/ Data from the U.S. Census Bureau.

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. The great difference in the U.S. Census Bureau and Paraguayan statistics is due to (1) under invoicing, and non-registered imports (contraband), and (2) U.S. data includes goods in transit through the free zones as U.S. exports, whereas Paraguay registers them under the country of origin. End note.

A special regime for “re-export” goods, including computers, accessories, parts, and components, effective November 2005, is aimed at formalizing and making competitive trade in those products. While imports of computers and accessories have shifted somewhat towards inexpensive items from Asia (including counterfeit goods), buyers from the region coming to Paraguay are still drawn to shop for quality goods imported from the United States at lower prices than in their home countries. It is estimated that at least half of Paraguay's imports are re-exported. High excise taxes and value added taxes in Brazil and Argentina, which are unaffected by Mercosur common tariffs, could continue to provide incentives to the import/re-export activities of Paraguayan merchants.

Given the informal nature of the re-export trade, there are no reliable estimates of the real size of the market. The figures in the table above were provided by the local agent of a U.S. manufacturer and are estimates of the local market, excluding the re-export trade.

Best Products/Services

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Computers and computer accessories are by far the major export items from the United States to Paraguay, and have been so for many years. It is believed that the demand for U.S. quality goods will continue.

Opportunities

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Senior government officials have stated publicly their intention to upgrade the public sector information systems, some of which has already occurred. As purchases are required by public offices, tenders will be published in the government contracting office's website.

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Paraguayan public contracting office: <http://www.contratacionesparaguay.gov.py>

Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/qee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Entertainment Equipment

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	2003	2004	2005	2006
Total Market Size	no data	no data	no data	no data
Total Local Production	0	0	0	0
Total Exports	no data	no data	no data	no data
Total Imports	no data	no data	no data	no data
Imports from the U.S. /1/	52.1	59.1	47.9	53.1

Note: In millions of U.S. dollars.

/1/ Data from the U.S. Census Bureau

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. The great difference in the U.S. Census Bureau and Paraguayan statistics is due to (1) under invoicing, and non-registered imports (contraband), and (2) U.S. data includes goods in transit through the free zones as U.S. exports, whereas Paraguay registers them under the country of origin. End note.

Best Products/Services

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TVs and DVDs are among the major imports from the United States, and it is believed that there will continue to be a demand for U.S. quality entertainment equipment.

Opportunities

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Entertainment equipment is not included in any investment or development projects, but renewed economic growth can be expected to augment demand.

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Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Toys, Games, and Sporting Goods

Overview

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	2003	2004	2005	2006
Total Market Size	no data	no data	no data	no data
Total Local Production	no data	no data	no data	no data
Total Exports	no data	no data	no data	no data
Total Imports /1/	36.3	no data	no data	no data
Imports from the U.S. /2/	35.6	30.8	24.1	37.9

Note: In millions of U.S. dollars.

/1/ Data from the Paraguayan Central Bank.

/2/ Data from the U.S. Census Bureau

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. The great difference in the U.S. Census Bureau and Paraguayan statistics is due to (1) under invoicing, and non-registered imports (contraband), and (2) U.S. data includes goods in transit through the free zones as U.S. exports, whereas Paraguay registers them under the country of origin. End note.

Best Products/Services

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Toys, games, and sporting goods have traditionally been among the major U.S. export items to Paraguay, and the demand for quality products is expected to continue.

Opportunities

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These items are not included among those required by the regular investment and development projects, but renewed economic growth can be expected to augment demand.

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Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Telecommunications Equipment

Overview

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	2003	2004	2005	2006
Total Market Size	no data	no data	no data	no data
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	no data	no data	no data	no data
Imports from the U.S. /1/	18.8	17.7	16.0	23.2

Note: In millions of U.S. dollars.

/1/ Data from the U.S. Census Bureau.

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. The great difference in the U.S. Census Bureau and Paraguayan statistics is due to (1) under invoicing, and non-registered imports (contraband), and (2) U.S. data includes goods in transit through the free zones as U.S. exports, whereas Paraguay registers them under the country of origin. End note.

Telecommunications is potentially a key sector for investment in Paraguay, although COPACO, the state-run telephone company, would need to be reformed in order to fully realize that potential. There are five phone lines per 100 inhabitants, and an estimated unmet demand of almost one million lines. The inefficiency of COPACO has been a bonanza for private mobile communications operators, and investment in the mobile sector has been strong. There are 1.2 million mobile phone accounts, compared to only 300,000 fixed lines. With respect to the table above, reliable estimates of the size of the market are not available, and the available Paraguayan trade data is too general for use for specific line-items.

Best Products/Services

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Mobile phone service, expanding internet services, and eventually greater land line coverage are the most likely areas of future growth.

Opportunities

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Contingent on further opening of COPACO's monopoly of international and basic telephony, which is possible, but not highly likely, in the short term.

Web Resources

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Paraguayan national telecom. regulatory agency: <http://www.conatel.gov.py/>

Paraguayan state-owned telecom. company: <http://www.copaco.com.py>
Paraguayan public contracting office: <http://www.contratacionesparaguay.gov.py>
Paraguayan importers trade association: <http://www.cip.org.py>
Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/qee/comerc.htm>
Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>
U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Paraguay-Parana Waterway System or Hidrovia

Overview

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The Hidrovia Paraguay-Parana is a 3,302 kilometer waterway system comprising the Paraguay and Parana rivers. The governments of Argentina, Brazil, Bolivia, Paraguay, and Uruguay are working jointly to make the waterway into a major transportation route for goods from the continent's interior to the Atlantic Ocean through the Rio de la Plata, and vice versa. At present, the annual movement of goods on the Hidrovia is estimated at 10.8 million tons of cereals, oilseeds, oils and by-products, metalliferous minerals, steel, and petroleum.

It is estimated that in the next 15 years, the 3.2 million square kilometers of the Hidrovia regional area of influence will hold 40 million people. The Hidrovia river system carries 51 percent of the more than 100 million tons of produce from its area of influence, which, by year 2025 will reach an estimated 146 million tons, representing a business volume of 46 billion U.S. dollars.

Best Products/Services

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The ongoing Hidrovia project includes multiple sub-projects, such as deepening river beds, constructing ports, improving navigability and safety, and increasing capacity in terms of vessels, maintenance and services.

Sub-projects of interest to Paraguay include: a river port at Antequera; the Concepcion-Vallemi highway; the Asuncion-Pilar highway; a Pilar-Chaco bridge; a fiber optic communications trunk network running along the Paraguay River; an Asuncion-Ciudad del Este railway line; a river port at Villeta.

Opportunities

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Although in 1998 Brazil's environmental agency called a halt to all construction plans on the portion of the waterway in Brazilian territory, and the court system ordered a suspension of engineering works by the federal government, smaller improvements of the waterway in the other countries are on-going.

At the XIII Latin American Heads of State Summit in Santa Cruz, Bolivia, in November 2003, the presidents of the five Hidrovia countries agreed to instruct the Hidrovia Intergovernmental Committee (CIH) to maximize the efforts to re-initiate works on the waterway, taking into consideration all the possible environmental aspects.

The CIH--Comite Intergubernamental de la Hidrovia Paraguay-Parana reported, at their XXXV Meeting in April 2006, that the project had completed the preliminary phases, and was ready for implementation. The Committee was studying the 130 sub-projects, to choose 20 for which they would seek financing on a priority basis.

Web Resources

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CIH (Hidrovia Intergovernmental Committee):

http://www.sspyvn.gov.ar/hparana_paraguay.html

CIC (Coordinating Intergovernmental Committee of the River Plate Basin Countries):

http://cicplata.org/?id=hpp_sintesis

Paraguayan Ministry of Public Works: <http://www.mopc.gov.py>

Paraguayan public contracting office: <http://www.contratacionesparaguay.gov.py>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Atlantic-Pacific Highway Project or Corredor Bioceanico

Overview

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The Paraguayan government is working on projects to improve the roads throughout the country, especially those in the western region or Chaco. Regional and multilateral development banks are financing over US\$ 500 million in new roadwork. The Atlantic-Pacific Highway projects' aim is to increase the volume of goods transported by road and rail between the Atlantic and Pacific Ocean coasts.

Best Products/Services

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Road and possibly rail construction and engineering services.

Opportunities

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Construction is ongoing. Future solicitations for bids should be made via the government's procurement website.

Web Resources

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Paraguayan Ministry of Public Works: <http://www.mopc.gov.py>

Paraguayan public contracting office: <http://www.contratacionesparaguay.gov.py>

Inter-American Development Bank: <http://www.iadb.org>

The World Bank: <http://www.bancomundial.org>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>



Asuncion Waterfront Project or Franja Costera

Overview

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The City of Asuncion has an ambitious project to develop the areas of the city on the Paraguay River waterfront. Initial estimates of the total cost of the project approach US \$200 million. The city has decided to divide the project into segments, and the first phase will require an investment of US\$70 million. The Inter-American Development Bank (IDB) approved funds for consulting work, some of which was carried out by a U.S. firm. The project has been politically contentious, though, and has been stalled. With the election of a new Mayor in November 2006, there has been talk about changing some important aspects of the project; however, to date there is nothing definitive.

Best Products/Services

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Engineering and consulting services, and eventually construction services.

Opportunities

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Specific opportunities could emerge as the government and the IDB begin implementing the project.

Web Resources

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Asuncion's municipal government offices: <http://www.mca.gov.py/>

Paraguayan public contracting office: <http://www.contratacionesparaguay.gov.py>

Inter-American Development Bank: <http://www.iadb.org>

U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Maquila Assembly/Distribution Operations

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Paraguay offers an interesting alternative for assembly/distribution operations with attractive investment incentives (tax breaks, duty free import of capital goods, unlimited repatriation of capital) and the lowest factor costs (especially energy) in the region. Implementing regulations for the 1997 maquila law were established in July of 2000. The government has been pushing for the development of this sector, which it sees as an alternative to the informal economy of Paraguay's cities on the border with Brazil and Argentina, and it has experienced rapid growth. Maquila exports in 2007 were US\$ 73.9 million, as compared to US\$ 54.7 million in 2006, US\$ 27.6 million for 2005, and US\$ 8.4 million for 2004. In 2007, 54 percent of maquila products were exported to other Mercosur countries, with 46 percent exported to countries outside the Mercosur region.

Best Products/Services

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There are few restrictions on the type of product that can be produced under the maquila system.

Opportunities

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Dependent on outside markets.

Web Resources

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Paraguayan Investment and Export Promotion Bureau,
under the Ministry of Industry and Commerce: <http://www.rediex.gov.py>
Paraguayan Maquila Industry Council,
under the Ministry of Industry and Commerce: <http://www.maquila.gov.py>
Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>
U.S. Embassy Asuncion commercial assistant: <mailto:schaererb@state.gov>

Agricultural Sectors

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Paraguay's major exports are primary agriculture products, in particular soy products, beef and other animal products. The beef sector in particular has experienced rapid growth in the past four years as new external markets have opened. Paraguay's attempts to improve agricultural and livestock production present opportunities for basic inputs, such as animal genetics. Farmers and ranchers are aware that using quality inputs is a key factor in their operations' profitability, and have been adopting advanced production practices, providing opportunities for fertilizers, pest control, and farm equipment. Competition from other exporting countries, especially Brazil, is strong and U.S. exporters must provide good service to be successful.

Inputs and processes destined to support Paraguay's increasing organic sugar production also would be well received. Processed foods and high-value items, including processed fruits, vegetables, and beverages, show promise for U.S. exporters. Fresh fruits and vegetables have weaker demand, but frozen and canned products have gained wide acceptance for their convenience and uniform quality.

Biofuels production has become a priority for the government, which regulated in 2006 a new biofuels law. Ethanol production from sugar and biofuels from soy, coconuts and other products are all areas with growth potential.

Web Resources

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Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>
Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>
Paraguayan chamber of ranchers and cattle breeders: <http://www.arp.org.py>
Paraguayan chamber of supermarkets: <http://www.capasu.org.py>
Paraguayan importers trade association: <http://www.cip.org.py>
U.S. Embassy Asuncion commercial assistant: schaererb@state.gov

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Chapter 5: Trade Regulations, Customs, and Standards

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- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
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- [Labeling and Marking Requirements](#)
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Import Tariffs

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Paraguay is a full member of MERCOSUR (Southern Common Market), <http://www.mercosur.int/>, a customs union comprising Argentina, Brazil, Paraguay, and Uruguay, with associate members Chile, Bolivia, Peru, Ecuador, Colombia, and Mexico as an observer member. Venezuela applied for full membership in June 2006, but has not been ratified yet by Brazil and Paraguay. Since 1995 Paraguay has increased many of its external tariffs on products from non-Mercosur countries in order to conform to the Mercosur Common External Tariff (CET) of up to 35 percent. The tariffs on 399 items on Paraguay's list of exceptions are being increased annually until they reach parity with the CET, although Paraguay seeks and has frequently received extensions and other benefits in recognition of its smaller and poorer economy relative to the other members.

Paraguay's tariff schedule web site, showing the Mercosur CET tariff (AEC—arancel externo comun) and the current national tariff (ANV—arancel nacional vigente): <http://www.vue.org.py/aranceles/aranceles.html>.

Trade Barriers

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Products imported into Paraguay face tariffs as stipulated in Paraguay's Mercosur tariff schedule. Special products face various restrictions, such as firearms, or outright prohibitions, such as used clothing, and used vehicles over ten years old. Also, seasonal restrictions are sometimes implemented affecting fresh vegetables and the like, to protect local producers. Generally, though, Paraguay is largely open to imports.

Import Requirements and Documentation

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Import and export operations must be both processed through authorized banks with notification to the Central Bank of Paraguay.

Documents required for general imports include a banker's draft or letter of credit issued by a local bank as well as the following documents provided by the merchandise vendor: (a) commercial invoice, (b) bill of lading, (c) packing list, and (d) certificate of origin. A Paraguayan Consulate in the country of origin must certify the last four documents.

Documents required for exports include a commercial invoice and a bill of lading, plus any other documents required by the importing country.

U.S. Export Controls

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The export of guns and ammunition from the United States to Paraguay requires an export license from the U.S. Department of Commerce. The United States prohibits the export to Paraguay of items which fall under the category of defense articles.

Temporary Entry

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Paraguay has a temporary entry system, which allows duty free admission of capital goods such as machinery, tools, equipment, and vehicles to carry out public and private construction work. The government also allows temporary entry of equipment for scientific research, exhibitions, training or testing, competitive sports, and traveler or tourist items. The following documents are required for temporary entry: (a) a letter stating the reason for temporary entry; (b) a detailed list of the equipment, including the purchase price of each item; and (c) a local insurance policy covering the cost of the duties waived. For travelers and tourists, a local customs broker can process these documents prior to arrival.

Merchandise introduced into the country under the temporary entry system may be nationalized in Paraguay by paying the requisite duties. The temporary admission system, to be phased out under Mercosur in 2010, allows entry of certain goods for subsequent re-export for a period of up to 12 months, which can be renewed once. Temporary entry for ten days for merchandise in transit is also permitted.

Labeling and Marking Requirements

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Paraguayan regulations require that the country of origin be labeled on domestic and imported products. Expiration dates are required on medical products and some consumer goods. Health warnings on hazardous products, such as cigarettes, must be labeled in a visible place. As of January 1998 imported beer is required to display detailed manufacture and content information in Spanish, labeled at the point of packaging. A similar regulation applies for textile products and shoes. Negotiations for Mercosur-wide labeling requirements are underway.

For more information please check the following websites:
--Ministry of Industry and Commerce: <http://www.mic.gov.py>;

--CERNECO: <http://www.cerneco.com.py> (select "Legislacion de la Publicidad" on left of screen);

--Paraguayan laws website: <http://www.leyes.com.py>.

Prohibited and Restricted Imports

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Paraguay has an open market and does not require import licenses, except for guns and ammunition. There are few import prohibitions, the most contentious being the regulations outlawing importation of used clothing, and used motor vehicles over ten years old.

Customs Contact Information

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Direccion Nacional de Aduanas
Av. Colon y Plazoleta del Puerto
Asuncion, Paraguay
Ph: (595-21) 450273
Fx: (595-21) 493865
E-mail: <mailto:dirgen@dga.gov.py>
Website: <http://www.aduana.gov.py>
Director General: Lic. Margarita Diaz-de-Vivar

Standards

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Overview

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The standards regime in Paraguay includes obligatory and voluntary standards, and there are public and private conformity assessment bodies operating in the country.

The INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia, <http://www.intn.gov.py>, is the government organization in charge of developing the country's standards regime in general.

Standards affecting meat and by-products are handled by SENACSA--Servicio Nacional de Calidad y Salud Animal, <http://www.senacsa.gov.py>; and those affecting agricultural chemicals and the like, are handled by SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas, <http://www.senave.gov.py>, both bureaus under the

Ministry of Agriculture and Livestock, <http://www.mag.gov.py>.

Specific standards relating to health matters and foodstuffs fall under the scope of the Ministry of Public Health, through the INAN--Instituto Nacional de Alimentacion y Nutricion, <http://www.inan.gov.py>.

Standards on labeling and marking fall under the Ministry of Industry and Commerce, Direccion General de Defensa del Consumidor, <http://www.mic.gov.py>. Legislation may be found in the following reference site for Paraguayan laws, <http://www.leyes.com.py>.

The above government institutions all act as conformity assessment bodies in their respective fields. Private firms acting as conformity assessment companies in Asuncion are SGS, Lloyds, and TÜV.

Standards Organizations

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- INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia: <http://www.intn.gov.py>
- SENACSA--Servicio Nacional de Calidad y Salud Animal: <http://www.senacsa.gov.py>
- SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas: <http://www.senave.gov.py>
- INAN--Instituto Nacional de Alimentacion y Nutricion: <http://www.inan.gov.py>
- Ministry of Industry and Commerce, Direccion General de Defensa del Consumidor: <http://www.mic.gov.py>

The standards institutes of Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay), through the Asociacion Mercosur de Normalizacion, <http://www.amn.org.br>, are working together to establish Mercosur-wide standards.

Conformity Assessment

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- INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia: <http://www.intn.gov.py>
- SENACSA--Servicio Nacional de Calidad y Salud Animal: <http://www.senacsa.gov.py>
- SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas: <http://www.senave.gov.py>
- INAN--Instituto Nacional de Alimentacion y Nutricion: <http://www.inan.gov.py>

- Ministry of Industry and Commerce, Direccion General de Defensa del Consumidor: <http://www.mic.gov.py>

Product Certification

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Product certification is regulated by the ISO standards. Paraguay has no mutual recognition agreements--MRAs--with U.S. organizations.

Accreditation

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The local accreditation body is the following government entity:

- ONA--Organismo Nacional de Acreditacion, under CONACYT--Consejo Nacional de Ciencia y Tecnologia: <http://www.conacyt.org.py/ona.html>

One local company has been accredited to specifically certify meat and by-products. Accreditation of labs is not a requirement, but rather voluntary.

Publication of Technical Regulations

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To date the different standards-developing organizations in the country each work independently. However, in October 2005 the government created the SNIN—Sistema Nacional de Informacion y Notificacion Sobre Reglamentos Tecnicos, Normas y Procedimientos de Evaluacion de la Conformidad, under the Ministry of Industry and Commerce, http://www.mic.gov.py/index.php?option=com_content&task=view&id=451&Itemid=565, which will act as a data bank for all standards related matters, proposals, comments/input, approvals, etc. Funding to implement the project has been obtained from the European Union, and the Ministry is in the process of purchasing equipment, training personnel, etc. It is expected that the system will be fully operational in 2008, with a new website to be launched in March-April, <http://www.snin.gov.py>.

Final regulations are published in the government's Gaceta Oficial, <http://www.gacetaoficial.gov.py>. Each organization submits final regulations to the Ministry of Foreign Relations, which submits them to the World Trade Organization.

Labeling and Marking

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Paraguayan regulations require that the country of origin be labeled on domestic and imported products. Expiration dates are required on medical products and some consumer goods. Health warnings on hazardous products, such as cigarettes, must be labeled in a visible place. As of January 1998 imported beer is required to display detailed manufacture and content information in Spanish, labeled at the point of packaging. A similar regulation was put in place for textile products and shoes. Negotiations for Mercosur-wide labeling requirements are underway.

For more information please check the below listed web sites:

- <http://www.mic.gov.py>, Ministry of Industry and Commerce;
- <http://www.cerneco.com.py> (select "Legislacion de la Publicidad" on left of screen);
- <http://www.leyes.com.py>, Paraguayan laws website.

Contact Information

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INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia
Casilla Postal 967

Av. Artigas y Roa

Asuncion, Paraguay

Ph: (595-21) 290266

Fx: (595-21) 290873

E-mail: <mailto:intn@intn.gov.py>

Web: <http://www.intn.gov.py>

Director General: Sra. Lilian Martinez de Alonso

Director, Standards & Certification: Ing. Luis Fleitas, <mailto:normas@intn.gov.py>

SENACSA--Servicio Nacional de Calidad y Salud Animal

Casilla Postal 1110

Ruta Mariscal Estigarribia, Km 10.5

San Lorenzo, Paraguay

Ph: (595-21) 501374, 507862

Fx: (595-21) 507863

E-mail: <mailto:senacsa@senacsa.gov.py>

Web: <http://www.senacsa.gov.py>

President: Dr. Hugo A. Corrales

SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas

Edificio Planeta I, Piso 15

Calle Humaita 145

Asuncion, Paraguay

Ph & Fx: (595-21) 445769, 441549, 441491

E-mail: presidencia@senave.gov.py

Web: <http://www.senave.gov.py>

President: Ing. Agr. Edgar Esteche

INAN--Instituto Nacional de Alimentacion y Nutricion

Av. Santisima Trinidad e Itapua

Asuncion, Paraguay

Ph & Fx: (595-21) 206874

E-mail: <mailto:inanpy@hotmail.com>

Web: <http://www.inan.gov.py>

Director: Dra. Juana Zaracho de Irazusta

Direccion General de Defensa del Consumidor

Ministerio de Industria y Comercio

Av. Mariscal Lopez 3333

Asuncion, Paraguay

Ph: (595-21) 661662

Fx: (595-21) 616-3058

E-mail: consumidorinforma@mic.gov.py

Web: <http://www.mic.gov.py>

Directora: Lic. Monica Hume

Asociacion Mercosur de Normalizacion
Av. Paulista, 726 - 10º andar - cj. 1001
CEP 01310-910 Sao Paulo, SP, Brasil
Ph & Fx: (55-11) 3283-5276, 3285-6115

E-mail: <mailto:secretaria@amn.org.br>

Web: <http://www.amn.org.br>

Executive Secretary: Ms. Eliane Rodrigues

ONA--Organismo Nacional de Acreditacion
Consejo Nacional de Ciencia y Tecnologia (CONACYT)
Calle Procer M. Molas 122, Piso 1
Asuncion, Paraguay

Ph & Fx: (595-21) 664952, 664953, 665096

E-mail: seona@conacyt.gov.py

Web: <http://www.conacyt.org.py/ona.html>

Executive Secretary: Ms. Lira Gimenez

SNIN--Sistema Nacional de Informacion y Notificacion
Ministerio de Industria y Comercio
Av. Mariscal Lopez 3333

Asuncion, Paraguay

Ph: (595-21) 616-3085

Fx: (595-21) 606-3084

E-mail: aromero@mic.gov.py, rmaidana@mic.gov.py

Web:

http://www.mic.gov.py/index.php?option=com_content&task=view&id=451&Itemid=565

New Web as of March-April 2008: <http://www.snin.gov.py>

Director: Ing. Aida Romero; Technical Assistant: Sr. Ruben Maidana

Gaceta Oficial
Direccion de Publicaciones Oficiales
Gabinete Civil de la Presidencia de la Republica
Av. Stella Maris y Hernandarias
Asuncion, Paraguay

Ph & Fx: (595-21) 498311

E-mail: gacetaoficial@uninet.com.py

Web: <http://www.gacetaoficial.gov.py>

Directora, Gaceta Oficial: Sra. Aurora Gonzalez

Standards point of contact at post:
Economic & Commercial Officer
Mr. Luis J. Hernandez
U.S. Embassy (Asuncion)
Unit 4711

APO AA 34036, USA

Ph: (595-21) 213715 #2062

Fx: (595-21) 208315

E-mail: hernandezlj@state.gov

Trade Agreements

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Paraguay is one of the four full members of the Southern Common Market (Mercosur), <http://www.mercosur.int>. Other full members are Argentina, Brazil, and Uruguay. Chile, Bolivia, Peru, Ecuador, and Colombia are associate members, and Mexico is an observer member. Venezuela applied for full membership in June 2006, but has not been ratified yet by Brazil and Paraguay. This organization is a customs union with a Common External Tariff of up to 35 percent, although many barriers to internal trade within the bloc remain. Mercosur and Israel signed a free trade agreement on December 17, 2007, after two years of conversations. The bloc is also discussing trade arrangements with the European Union.

Web Resources

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Asociacion Mercosur de Normalizacion: <http://www.amn.org.br>

MERCOSUR (Southern Common Market): <http://www.mercosur.int>

Paraguayan accreditation body: <http://www.conacyt.org.py/ona.html>

Paraguayan Customs Bureau: <http://www.aduana.gov.py>

Paraguayan data bank for all standards related matters: Current website:
http://www.mic.gov.py/index.php?option=com_content&task=view&id=451&Itemid=565;
New website as of March-April 2008: <http://www.snin.gov.py>

Paraguayan labeling and marking regulations:
<http://www.mic.gov.py> (Ministry of Industry and Commerce)
<http://www.cerneco.com.py> (select "Legislacion de la Publicidad" on left of screen)
<http://www.leyes.com.py> (reference site for Paraguayan laws)

Paraguayan Ministry of Agriculture and Livestock: <http://www.mag.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan national gazette: <http://www.gacetaoficial.gov.py>

Paraguayan standards and testing organizations:

INTN: <http://www.intn.gov.py>

SENACSA: <http://www.senacsa.gov.py/>

SENAVE: <http://www.senave.gov.py>

INAN: <http://www.inan.gov.py>

Paraguayan tariff schedule: <http://www.vue.org.py/aranceles/aranceles.html>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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There are no formal restrictions upon foreign investment in Paraguay. National treatment of foreign investors is guaranteed by law 117/91, as is full repatriation of capital and profits by law 60/90. Historically, Paraguay's tax burden has been the lowest in Mercosur. The basic corporate income tax rate is currently ten (10) percent, a personal income tax of ten (10) percent will take effect in 2009, and Paraguay has a ten (10) percent value added tax on most goods and services.

Government efforts to attract foreign investment through privatization have progressed slowly because of political opposition. Four state-owned companies have been privatized in the past: the airline in 1994; the state-owned liquor producer, bought by its workers in 1995; the state merchant marine, split into five separate entities, three of which were sold in 1996; and the state steel company, sold in late 1997. The GOP refinanced the liquor producer after privatization and now the state is again the majority shareholder.

Political realities render further outright privatizations unlikely in the medium-term. The large state-run companies most attractive to foreign buyers (such as the telecom and electricity distribution companies) employ thousands of potential voters and are outlets for political patronage. The telephone and electricity companies were in the process of being privatized when the government suspended their privatization in June 2002, bowing to political pressure. The current government has said that it is against privatization. The following are presently state-owned monopolies: rail, oil & gas, cement, electricity, water, and basic and long distance land-line telephone services.

Paraguay has a legal framework for maquila operations – businesses that process in Paraguay goods or services for export. The value-added in the process is subject to a tax rate of just one percent. Inputs are allowed to enter Paraguay tax free in most cases. The regime is flexible in that it allows up to ten percent of production to be sold locally, albeit after paying relevant import taxes and duties. Maquila operations are not restricted geographically or by industry. Existing operations include software design and other services as well as manufacturing. The Ministry of Industry and Commerce has a special office for promoting maquila investments: <http://www.maquila.gov.py>.

In 2005, a law took effect that prohibits foreigners from countries bordering Paraguay (Brazil, Bolivia and Argentina) from owning land within 50 kilometers of Paraguay's borders. The judicial sector is a weak point in the investment climate. Many investors find it difficult to adequately enforce contracts due to judicial inefficiency and corruption.

Conversion and Transfer Policies

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There are no restrictions on the conversion or transfer of foreign currency. In late 1994, the government permitted foreign currency contracts, legitimizing a long-standing practice. Law 60/90 permits the repatriation of capital and profits. There are no controls on foreign exchange transactions, apart from reporting requirements to banking authorities for transactions in excess of US\$ 10 thousand. The free-floating exchange rate on January 4, 2008, was 4,730-4,820 guaranies to the U.S. dollar.

Expropriation and Compensation

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Private property in general has historically been respected in Paraguay as a fundamental right. There have been several cases, though, of expropriations of land without prompt and fair compensation over the past few years. In 2005, Paraguay's Congress approved the expropriation of a large chunk of foreign-owned land in Paraguay's Chaco region although errors in the delineation of the land and continued negotiation with the landowners have delayed the process.

Over the course of 2004, groups of "landless" peasants, calling on the government to give them land for farming, carried out a series of "land invasions", occupying large farms owned in some cases by Brazilians or Paraguayans of Brazilian descent. This movement gained momentum over the course of the year until late 2004 when the government took strong measures, including authorizing the military to support the police in removing the peasants from some of the properties. Few such incidents occurred in the last three years.

Dispute Settlement

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Law 117/91 guarantees national treatment for foreign investors. This law allows international arbitration for the resolution of disputes between foreign investors and the government. Paraguay became a member of the International Center for the Settlement of Investment Disputes (ICSID -- also known as the Washington Convention), <http://icsid.worldbank.org/ICSID/Index.jsp>, in October 1982 (Law 944/82). The Inter-

American Development Bank financed the creation of a center for alternative dispute resolution.

The legal system underwent fundamental reform in recent years, although many would argue that improvements to the system have been incremental at best. Six of nine Supreme Court justices were removed or resigned from office and were replaced in 2003. One vacancy is to be filled in early 2008. A Council of Magistrates appoints appellate and lower court justices as well as prosecutors. A criminal procedures code entered into effect in March 2000, and the President signed a new penal code into law January 2008, which will go into effect in January 2009. These codes modernized Paraguay's penal code and included improvements in money laundering and intellectual property rights. Other factors, such as time limits on investigations and disclosure requirements hinder the prosecution of complex crimes.

These reforms made the legal process more transparent, but will require training for public prosecutors and judges and an increase in the number of public prosecutors. Both the commercial and civil codes cover bankruptcy and give priority for claims first to employees, then to the state, and finally to private creditors.

Historically, Paraguay's judicial system has been characterized by a lack of independence and corruption. While efforts are underway to strengthen the rule of law and make the judicial process more transparent, unbiased and fair, corruption, patronage and bias are features of the current judicial system.

Performance Requirements and Incentives

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A number of fiscal incentives (mainly tax breaks), contained in law 60/90, are available to all investors. Voting board members of any company incorporated in Paraguay must have legal residence. This has posed some obstacles to potential foreign investors. Another potential roadblock is Paraguay's law protecting agents and distributors (law 194/93). The law features strong penalties for severing relations with a local distributor or agent. This has on occasion led to expensive out-of-court settlements, since just cause must be proved for severing the relationship and indemnification must be paid. However, courts have ruled against distributors in a few cases when just cause has been established.

Right to Private Ownership and Establishment

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Foreign and domestic private entities may establish and own business enterprises. Foreign businesses do not need to be associated with Paraguayan nationals for investment purposes. There is no restriction on repatriation of capital and profits. Private entities may freely establish, acquire, and dispose of interests in businesses.

Protection of Property Rights

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The 1992 constitution guarantees the right of private property ownership. While it is quite common to use property as security for loans, the lack of consistent property

surveys and registries often makes it impossible to foreclose. Acquiring title documents for land can take two years or more. A World Bank project aimed at standardizing registration in the department (state) of Alto Parana concluded in year 2000, but only covered a small area.

Intellectual Property Rights:

Paraguay is recognized as a regional distribution and manufacturing center for counterfeit merchandise. The re-export trade to Brazil, catering to consumer demand for electronics, CDs/DVDs, designer clothing/footwear, among other items is rife with piracy. Based on the seriousness of industry concerns, Paraguay was designated as a Priority Foreign Country in January 1998 by the U.S. Trade Representative. In November 1998, Paraguay and the United States signed a Memorandum of Understanding (MOU) detailing future actions to combat IPR crime and to protect intellectual property rights, and placing Paraguay on Section 306 Monitoring. That MOU expired and, to address remaining concerns, the United States and Paraguay signed another MOU in March 2004, which was extended in 2006 through the end of 2007. To continue to address remaining concerns a new two-year MOU was negotiated and finalized in November 2007. Trademark and copyright laws were enacted in October 1998, and the Senate passed a patent law in April 2000, that was modified and weakened in June 2005. Under the new penal code IPR offenders now face stiffer penalties (two to eight years jail time and/or fines) and, a fraudulent imitation of a product is separately recognized as an offense. Paraguay ratified all the Uruguay Round accords, including TRIPS, in late 1994 and has ratified two WIPO copyright treaties.

In the last three years, seizures and destruction of counterfeit and pirated goods have increased markedly and the government has cooperated closely with industry groups to help fight piracy and counterfeiting. In addition, measures by Brazil to control the trafficking of pirated and contraband goods coming in from Paraguay are having a significant positive effect. Nevertheless, IPR crime remains a major source of illicit income in Paraguay, particularly in Ciudad del Este, the Paraguayan city on the border with Brazil in what is known as the tri-border region (with Argentina).

Paraguay does not have a framework for safeguarding confidential data associated with regulatory approvals. As a result, some companies have decided not to market certain products, such as the latest pharmaceuticals, in Paraguay.

Transparency of Regulatory System

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The Civil Code and Law 1.034/83 regulate business and industrial activities in the country. Under the existing framework, the Ministry of Industry and Commerce (<http://www.mic.gov.py>) is charged with overall industrial policy coordination; the Ministry of Finance (<http://www.hacienda.gov.py>) handles tax and fiscal policy; and the Central Bank (<http://www.bcp.gov.py>) is the principal coordinator of monetary policy. All businesses need to be registered in three places: the municipality for a business permit, the Ministry of Industry and Commerce unit at the central civil registry, and the Finance Ministry for tax purposes. The multiple registration procedure involved multiple steps which took over three months to complete. However, in late 2006 the government instituted a coordinated system among all the offices involved (<http://www.suae.gov.py>), which reduced the process to one step to be completed in a little over one month, and

lowered the cost to the registrants from US\$ 840.00 to approximately US\$ 250.00. The Ministry of Health (<http://www.inan.gov.py>) and the Municipality of Asuncion (<http://www.mca.gov.py>) both regulate food safety issues, which can include processed food imports and imports for fast food franchises.

Regulatory agencies for sectors such as telecommunications, energy, and potable water are relatively new or in the process of being established. CONATEL, the telephone regulatory agency, <http://www.conatel.gov.py>, is only nominally independent as the president of Paraguay chooses its president, who is also subject to influence by the Minister of Public Works and Communications. A regulatory framework for potable water has been established, but the energy sector shows little indication of establishing a regulatory framework in the near future.

Draft laws are often introduced into Congress by special interest groups with few opportunities for public comment. Public participation often requires direct lobbying and press campaigns. The new government has increased its outreach to the public and coordination with the private sector when devising regulations to implement new laws.

Efficient Capital Markets and Portfolio Investment

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Paraguay has a relatively small Asuncion capital market that started operating in 1993. In 2004 the market handled US\$ 15.95 million in transactions. In local currency terms, the volume increased 57 percent in 2005, and 91 percent in 2006. In 2007, the amount handled increased to almost Guaranies 211 billion, or US\$ 41.82 million at the yearly average exchange rate (Guaranies 5,045 to the U.S. dollar).

There are currently 70 companies traded. The high cost of capital makes the market an attractive alternative, but the fear by family enterprises of losing control has tempered the enthusiasm for public offerings. Most of the exchange's volume occurs in fixed income securities.

Credit is available through numerous sources. High collateral requirements are generally imposed. The banking system is generally sound, but remains overly liquid. As of July 2007, the top eight private banks, of the twelve operating in the market, had 86.8 percent of the US\$ 3,541.6 million total assets of the local private banking system.

The system-wide level of non-performing loans in 2007 was 1.7 percent of total loans, down significantly from 3.28 percent in 2006, and 6.45 percent in 2005.

Independent audits of financial statements are not legally mandatory. Paraguay's institute of accountants has adopted the international audit guidelines issued by the federation of accountants.

Political Violence

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Paraguay has not traditionally been affected by political violence. The 1999 assassination of Vice-President Argana and the following political clashes resulting in eight deaths were unprecedented. Two deaths occurred in 2004 when the army and

police were mobilized to control nationwide demonstrations and land invasions by landless peasants. Separately, while Paraguay has been spared the large number of kidnappings that occur in neighboring Latin American countries, the 2005 high-profile kidnapping and murder of former Paraguayan President Cubas' daughter increased concern over the security situation in the country. Violent demonstrations broke out in late 2006 in response to an unpopular, controversial court decision involving defendants implicated in the 2004 supermarket fire that caused almost 400 deaths.

Corruption

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One of the most serious problems facing Paraguay is the legacy of institutional corruption after decades of dictatorship. There have been mechanisms created to combat corruption, such as the comptroller's office, but investigations often become political and are seldom completed. The slow pace of judicial reform and continued impunity are barriers to development. The current government has taken several important steps, including the creation of a transparent, internet-based government procurement system, the reform of the process for selecting prosecutors and judges, the appointment of respected apolitical officials to some key posts, and increased civil society input and oversight. However, weak state institutions, the lack of a rational civil service system, and uneven political will impede efforts to fight corruption.

Bribery is a crime in Paraguay, but one that is rarely prosecuted. Paraguay has signed the UN Convention Against Corruption, but is not a party to the OECD Convention on Combating Bribery.

Bilateral Investment Agreements

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Paraguay has bilateral investment agreements or treaties with the following countries: Argentina, Brazil, Chile, France, South Africa, Taiwan, United Kingdom, and Uruguay. Paraguay has signed other investment agreements with Austria, Benelux, Costa Rica, Ecuador, El Salvador, Germany, Hungary, Korea, Netherlands, Peru, Romania, Spain, Switzerland, and Venezuela.

Paraguay has signed the following agreements with the United States: Agreement relating to investment guaranties (OPIC), 1955; Agreement relating to investment guaranties (OPIC), 1992. A complete listing of bilateral agreements can be found via the following link: <http://www.state.gov/documents/treaties>

OPIC and Other Investment Insurance Programs

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In 1992 the United States and Paraguay signed an investment guaranties agreement, which replaced the agreement signed in 1955. In addition, the Paraguayan government issued a decree on the same day delegating the authority to approve cases to the Ministry of Industry and Commerce. This allowed OPIC, <http://www.opic.gov>, to begin full operations in Paraguay. OPIC has financed telecommunications and forestry projects and is now involved in several transactions with local banks to expand access to credit for SMEs.

Paraguay is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA), <http://www.miga.org>, which offers foreign investment guarantees against non commercial risks, such as inconvertibility of foreign currency, discriminatory expropriations, contract non-fulfillment, civil uprisings and war.

Paraguay also ratified the agreement creating the International Center for the Settlement of Investment Disputes (ICSID), <http://icsid.worldbank.org/ICSID/Index.jsp>, between states and nationals, and nationals of other states, in order to access a mechanism of international arbitration and conciliation.

Labor

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As of December 2006 the labor force was estimated at 2.73 million workers. The Paraguayan labor force data includes persons ten years of age and older. About 100,000 people enter the workforce each year. Total unemployment (open plus hidden unemployment) for 2006 officially stood at 11.4 percent, up from 9.4 percent in 2005, and 10.9 percent in 2004; the 2003 figure was 13.0 percent. Total underemployment for 2006 stood at 24.0 percent, down from 25.1 percent in 2005, and similar to the 24.0 percent for the previous two years. With a population growth rate above two percent annually, a key challenge is the creation of enough jobs to meet increasing demand. While the supply of workers is relatively large and growing, a weak education system limits the supply of well-educated workers. Local businesspersons cite the lack of a skilled work force as a major obstacle to growth.

Foreign-Trade Zones/Free Ports

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Paraguay is a landlocked country with no seaports. However, it has been granted free trade ports and warehouses in neighboring countries' seaports for the reception, storage, handling, and transshipment of merchandise transported to and from Paraguay. About three-fourths of goods are transported by barge on the large river system that connects Paraguay with Buenos Aires (Argentina) and Montevideo (Uruguay). The Paraguayan port authority manages the free trade ports and warehouses. Paraguayan free trade ports are located in Argentina (Buenos Aires and Rosario); Brazil (Paranagua, Santos, and Rio Grande do Sul); Chile (Antofagasta and Mejillones); and Uruguay (Montevideo and Nueva Palmira). To date, the three Brazilian free trade ports, Nueva Palmira in Uruguay, and the two Chilean free trade ports are in full operation.

Foreign Direct Investment Statistics

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As of March 2007, the total stock of foreign direct investment in Paraguay stood at US\$ 1,602.52 million, up from US\$ 1,564.3 million in December 2006, and US\$ 1,126.46 million in 2005, according to Central Bank statistics. The United States was the largest foreign investor in Paraguay, with US\$ 616.50 million, followed by Brazil with US\$ 230.85 million, and the Netherlands with US\$ 130.14 million.

Large U.S. investments in recent years include nearly US\$ 200 million by Millicom, a

mobile phone operator with shares listed on the NASDAQ exchange, and US\$ 37 million invested by Mastec to develop another wireless communication network (this network was later sold to Hutchison Communications Ltd. of Hong Kong, and resold in 2005 to America Movil, of Mexico). Other investments include the US\$ 25 million purchase of a grain crushing facility by Cargill; approximately US\$ 60 million invested in a river transportation company; US\$ 27 million invested by Exxon; and several million dollars worth of investments by fast food companies (Pizza Hut, Burger King, McDonald's).

According to Central Bank statistics, during 2006 foreigners invested a total of US\$ 110.98 million in Paraguay, up from US\$ 34.79 million in 2005. The largest foreign investors in 2006 were the United States with US\$ 67.37 million, followed by Brazil with US\$ 31.10 million, and Mexico with US\$ 30.98 million.

From January to November 2007, Paraguay's Ministry of Industry and Commerce approved US\$ 128.4 million in investment projects falling under special law 60/90, which establishes various tax exemptions for new investments. In 2006, investment projects were approved for a record US\$ 296 million. The projects represent approved plans and not necessarily consummated investments. The 2007 projects were split between domestic capital (64.26 percent) and foreign capital (35.74 percent). Sectors to benefit with approved investments are the industrial sector (principally the chemical products industry and food products industry) with 53.79 percent, followed by the services sector with 44.47 percent of total investments.

Web Resources

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Bilateral agreements: <http://www.state.gov/documents/treaties>

Business Software Alliance: <http://www.bsa.org>

Municipality of Asuncion: <http://www.mca.gov.py>

OPIC--Overseas Private Investment Corporation: <http://www.opic.gov>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

Paraguayan Census and Statistics Bureau: <http://www.dgeec.gov.py>

Paraguayan Central Bank: <http://www.bcp.gov.py>

Paraguayan food safety regulating agency
under the Ministry of Health: <http://www.inan.gov.py>

Paraguayan maquila industry council,
under the Ministry of Industry and Commerce: <http://www.maquila.gov.py>

Paraguayan Ministry of Finance: <http://www.hacienda.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan one-stop office at the Ministry of Industry and Commerce to process the

multiple registration procedures to open a business: <http://www.suae.gov.py>

Paraguayan telephone regulatory agency: <http://www.conatel.gov.py>

Reference site for Paraguayan laws: <http://www.leyes.com.py>

The World Bank's Center for the
Settlement of Investment Disputes (ICSID): <http://icsid.worldbank.org/ICSID/Index.jsp>

The World Bank's Multilateral
Investment Guarantee Agency (MIGA): <http://www.miga.org>

U.S. Trade Representative: <http://www.ustr.gov>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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The method of payment most used by local importers is by letter of credit, followed closely by wire transfers. Under this method a local importer, through his bank, transfers payment to the foreign exporter upon notice (proof) of shipment of the merchandise. This method is preferred by businesses which have established mutual confidence, and involves less administrative costs than the letter of credit. Other methods of payment are used to a lesser degree.

The following is a local credit-rating firm operating in Paraguay:

--Informconf: <http://www.informconf.com.py>

How Does the Banking System Operate

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The 1996 banking law strengthened supervision of the banking system after a crisis in 1995 caused the collapse of ten local institutions. The repercussions of the crisis continued, however, and in June 1997 the largest local bank was closed by the Superintendent of Banks, and subsequently marked for liquidation. In September 1998, two of the largest public banks were also closed by the Superintendent of Banks. These banks held seven percent of all deposits and eleven percent of all outstanding loans.

While there have been several closings of local banks by the Superintendent of Banks over the past few years, Paraguayan operations of international banks or large regional banks are sound. In June 2002, foreign-owned Banco Aleman-Paraguay went into receivership, but the Central Bank acted quickly to prevent the collapse of other financial institutions. The Central Bank continues to improve prudential regulation with assistance from the International Monetary Fund. As of July 2007, the top eight private banks operating in the market held 86.8 percent of banking system assets. As of January 2008, there are 13 commercial banks in Paraguay, with five foreign branches, four majority foreign-owned banks, and four local banks.

The financial sector regulated by the Central Bank also includes 11 finance companies dedicated to smaller consumer operations not served by banks. The banking system operates mostly on short to medium term credit (12 months is the usual maximum for commercial transactions, although private finance of vehicles and homes is available on longer terms) in both local and foreign currency. There is also a large cooperative sector

in Paraguay which is self-regulated and does not fall under the purview of the Central Bank. Cooperatives may have as much as a third of total financial system assets, but cooperative assets are not included in Central Bank data on the financial sector.

Banks and finance companies are regulated by the Banking Superintendent, which is housed within, and is under the direction of, the Central Bank of Paraguay. Deposits are guaranteed up to 30 million guaraníes (approximately US\$ 5,946.5 at the yearly average exchange rate for 2007 (Guaranies 5,045.00 to the U.S. dollar). The Central Bank operates based on a modern law, 489/96, although it is not truly independent.

Foreign-Exchange Controls

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Paraguay does not have foreign exchange controls. Importers and exporters can buy and sell foreign exchange freely at commercial banks, finance companies, or exchange houses at the going market rate (about 5,045 guaraníes to the U.S. dollar, 2007 average).

U.S. Banks and Local Correspondent Banks

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CITIBANK, N.A.
Casilla Postal 1174
Edificio Citibank Center, Piso 11
Av. Mariscal Lopez 3794
Asuncion, Paraguay
Ph: (595-21) 620-2000
Fx: (595-21) 620-2953
Web: <http://www.citibank.com/paraguay>
Vice President/General Manager: Mr. Ignacio Morello

Project Financing

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Financing, including both import and export financing, is limited. Local banks provide revolving credit for up to 360 days, which may be renewable. High nominal and real interest rates (generating high spreads in both dollars and local currency) present a major obstacle to medium and long term financing. Nearly all banks have correspondent banking arrangements with U.S. banks, primarily in New York and Miami.

Local commercial banks provide exporters direct financing, pre-financing of exports backed by a letter of credit, and discounting of letters of credit upon shipment of the merchandise. Local insurance companies offer importers and exporters a full range of services covering trade activities.

The World Bank, the Inter-American Development Bank, and the Andean Development Bank provide project financing for basic infrastructure projects, water systems, and roads. Both the U.S. Export-Import Bank (EXIM) and the U.S. Overseas Private Investment Corporation (OPIC) can provide services for transactions involving

Paraguay.

Web Resources

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Andean Development Bank, or
Corporacion Andina de Fomento: <http://www.caf.com>

Citibank, N.A. - Paraguay: <http://www.citibank.com/paraguay>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

Export-Import Bank of the United States: <http://www.exim.gov>

IDB--Inter-American Development Bank: <http://www.iadb.org>

International Monetary Fund: <http://imf.org>

OPIC—Overseas Private Investment Corporation: <http://www.opic.gov>

Paraguayan Central Bank: <http://www.bcp.gov.py>

Paraguayan cooperative sector
government regulatory and control entity: <http://www.incoop.gov.py>

Paraguayan credit rating firm: <http://www.informconf.com.py>

The World Bank: <http://www.bancomundial.org>

U.S. Agency for International Development: <http://www.usaid.gov>

U.S. Small Business Administration (SBA),
Office of International Trade: <http://www.sba.gov/oit/>

U.S. Trade and Development Agency: <http://www.tda.gov/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccs/default.htm>

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Business Customs

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There are no specific local business customs beyond the bounds of normal courtesy. Paraguayans are informal in observing appointment times, but foreign business visitors should not take such liberties when arriving for scheduled meetings. For social events, it is customary to arrive up to 30 minutes late. Persons are normally addressed by their academic or professional title, e.g. Doctor, Engineer, Architect, or Licenciado, in the case of university graduates. Business dress follows similar patterns to those of the United States.

Travel Advisory

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Any travel advisories can be found at:

http://travel.state.gov/travel/warnings_consular.html

State Department Consular Info Sheet for Paraguay website:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html

Visa Information

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A passport is required. U.S. citizens require visas to enter Paraguay. For longer stays, a temporary residence visa, valid for one year and renewable, can be obtained once in Paraguay. Travelers can contact the Paraguayan embassy and consulates at the following addresses:

Embassy of Paraguay

2400 Massachusetts Avenue, N.W.

Washington, D.C. 20008

Phone: (202) 483-6960

Fax: (202) 234-4508

E-mail: secretaria@embaparusa.gov.py

Web page: <http://www.embaparusa.gov.py>

Consular Section in the Embassy in Washington, D.C.

2400 Massachusetts Avenue, N.W.

Washington, D.C. 20008

With Jurisdiction in the States of: District of Columbia (DC), Maryland, Delaware, Virginia, West Virginia, Illinois, Iowa, Minnesota, North Dakota, South Dakota, and Kansas.

Phone: (202) 483-6960

Fax: (202) 234-4508

E-mail: consular@embaparusa.gov.py

Web page: <http://www.embaparusa.gov.py>

Consulate General in New York, NY

211 East 43rd Street, Suite 2101

New York, NY 10017

With Jurisdiction in the States of: Maine, New Hampshire, Vermont, New York, Massachusetts, Rhode Island, Connecticut, Pennsylvania, New Jersey, Ohio, Indiana, Michigan, and Wisconsin.

Phone: (212) 682-9441, (212) 682-9442

Fax: (212) 682-9443

E-mail: consulparny@aol.com

Web page: <http://www.consulparny.com>

Consulate General in Miami, Florida

25 South East 2nd Ave., Suite 705

Miami, FL 33131

With Jurisdiction in the States of: Florida, Georgia, North Carolina, South Carolina, Alabama, Tennessee, Kentucky, Mississippi, Louisiana, Oklahoma, Arkansas, and Missouri, also Puerto Rico, Bahamas, and Caiman Islands.

Phone: (305) 374-9090

Fax: (305) 374-5522

E-mail: paraguay@bellsouth.net

Web page: <http://www.paraguaymiami.org>

Consulate General in Los Angeles, California.

6033 West Century Boulevard, Suite 985

Los Angeles, CA 90045

With Jurisdiction in the States of: Texas, New México, Arizona, California, Nevada, Oregon, Washington, Idaho, Montana, Wyoming, Utah, Colorado, Alaska, and Hawaii.

Phone: (310) 417-9500

Fax: (310) 417-9520

E-mail: consulpar@sbcglobal.net

Web page: <http://www.paraguayconsulatela.com>

Under Consulate in Houston, Texas

4707 Welford Dr.

Bellaire, TX 77401

Phone: (713) 592-6498

Fax: (713) 798-2720

U.S. Department of State visa website: <http://travel.state.gov/visa/index.html>

United StatesVisas.gov website: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Asuncion Consular Section website:
http://paraguay.usembassy.gov/consular_services.html

Telecommunications

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The telecommunications infrastructure in Paraguay has improved in recent years, although landline service from the State-owned monopoly can be slow and expensive. Mobile communication has been growing rapidly in recent years and Paraguay boasts some of the most advanced cell phone technology. Business travelers often obtain a mobile phone locally for extended stays. Internet access is commonly available, but international connections are slow except in some expensive commercial service plans. Internet penetration in the market is very low. The quality of connections is generally improving, and DSL service is becoming more widely available.

Transportation

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The only U.S. air carrier which served Paraguay with daily passenger flights to Asuncion suspended its operations in Paraguay in 2006. Another foreign airline which reportedly handled 60 percent of air travel in Latin America suspended many of its air routes including Paraguay due to financial problems. These actions have seriously hampered air travel to and from Paraguay.

As of February 2008, Asuncion receives an average of 11-12 international flights per day. Flights arrive from Buenos Aires, Corrientes, and Resistencia (Argentina); Rio de Janeiro and Sao Paulo (Brazil); Santiago (Chile); and Santa Cruz (Bolivia). One airline offers in-country air service Asuncion-Ciudad del Este with daily flights. Airlines that serve Asuncion are:

- Aerolineas Argentinas, <http://www.aerolineas.com.ar>
- Aerosur, <http://www.aerosur.com>
- GOL, <http://www.voegol.com.br>
- TAM, <http://www.tam.com.py>.

Many local and foreign bus companies offer in-country and international service to the major cities in Paraguay and neighboring countries.

Asuncion's taxi network is reasonably well developed, however, some taxis are in poor repair and most lack air conditioning. Motor vehicle rental service is available with or without driver. The urban bus transportation system is inadequate for business purposes.

Language

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Official: Spanish. National native language: Guarani. English, Portuguese, and German are also understood by some in the business community.

Health

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Asuncion has no particular health risks and no special precautions need be taken. Bottled water is recommended for drinking in restaurants and areas outside Asuncion where water quality has not been tested. There is no endemic hepatitis or malaria in Asuncion although risks increase in some rural areas. Outbreaks of dengue fever are recurrent and occur in urban and rural areas. Cases of dengue and malaria are two to three times more likely to occur in the warm months between January and May. Recently, a few cases of yellow fever have been reported in the north of the country and in an area next to Asuncion. Insect precautions are recommended. Sanitary conditions are generally adequate. There are competent doctors, dentists, and specialists in Asuncion.

Also see the U.S. Center for Disease Control website:
<http://wwwn.cdc.gov/travel/default.aspx>.

Local Time, Business Hours, and Holidays

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Paraguay is four hours behind Greenwich Mean Time, and one hour ahead of U.S. Eastern Standard Time. Paraguay implements daylight savings time by advancing clocks one hour from mid October to mid March, meaning that it is two hours ahead of EST during the U.S. winter, but at EST during the U.S. summer.

Commercial working hours are generally 8:00 am to 12:00 noon, and 2:30 pm to 7:00 pm Monday through Friday; and 8:00 am to 12:00 noon Saturdays. Banking hours are 8:30 am to 4:00 pm Monday to Friday, but most banks only receive the public up to 1:30 pm.

The following are national holidays in Paraguay:

January 1:	New Year
March 1:	Heroes' Day
March/April:	Holy Thursday & Good Friday
May 1:	Labor Day
May 15:	Independence Day
June 12:	Chaco Armistice
August 15:	Founding of Asuncion
September 29:	Victory at Boqueron
December 8:	Virgin of Caacupe Day
December 25:	Christmas Day

Temporary Entry of Materials and Personal Belongings

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The government allows temporary entry of equipment for scientific research, exhibitions, training or testing, competitive sports, and traveler or tourist items. The following

documents are required for temporary entry: a letter stating the reason for temporary entry; a detailed list of the equipment, including the purchase price of each item; and a local insurance policy covering the cost of the duties waived. For travelers and tourists, a local customs broker can process these documents prior to arrival.

Web Resources

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Airline companies serving Paraguay:

--Aerolineas Argentinas: <http://www.aerolineas.com.ar>

--Aerosur: <http://www.aerosur.com>

--GOL: <http://www.voegol.com.br>

--TAM: <http://www.tam.com.py>

Paraguayan Consulates in the USA:

--Los Angeles, CA: <http://www.paraguayconsulatela.com>

--Miami, FL: <http://www.paraguaymiami.org>

--New York, NY: <http://www.consulparny.com>

Paraguayan Embassy, Wash. D.C.: <http://www.embaparusa.gov.py>

Paraguayan government telecom company: <http://www.copaco.com.py>

Paraguayan cellular phone service providers:

--AMX Paraguay (CTI Movil): <http://www.cti.com.py>

--Hola Paraguay (Vox): <http://www.vox.com.py>

--Nucleo (Personal): <http://www.personal.com.py>

--Telecel (Tigo): <http://www.tigo.com.py>

U.S. Department of State travel advisories:

http://travel.state.gov/travel/warnings_consular.html

U.S. Department of State Consular Info Sheet for Paraguay:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html

U.S. Department of State visa website: <http://travel.state.gov/visa/index.html>

UnitedStatesVisas.gov website: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Asuncion Consular Section:

http://paraguay.usembassy.gov/information_for_travelers.html

U.S. Center for Disease Control: <http://wwwn.cdc.gov/travel/default.aspx>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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PARAGUAYAN KEY GOVERNMENT OFFICES:

- Ministry of Agriculture and Livestock: <http://www.mag.gov.py>
- Ministry of Finance: <http://www.hacienda.gov.py>
- Ministry of Industry and Commerce: <http://www.mic.gov.py>
- Ministry of Public Works and Communications: <http://www.mopc.gov.py>
- Central Bank of Paraguay: <http://www.bcp.gov.py>
- Customs Bureau: <http://www.aduana.gov.py>
- Export & Investment Promotion Bureau
under the Ministry of Industry and Commerce: <http://www.rediex.gov.py>
- Industrial Property Bureau
under the Ministry of Industry and Commerce: dpi@mic.gov.py
- National Maquila Industry Bureau: <http://www.maquila.gov.py>
- Public Contracting Bureau: <http://www.contratacionesparaguay.gov.py>
- Standards and Technology Institute: <http://www.intn.gov.py>
- Technical Planning Bureau: <http://www.stp.gov.py>

PARAGUAYAN TRADE OR INDUSTRY ASSOCIATIONS:

- Chamber of commerce and services (Camara Nacional de Comercio y Servicios del Paraguay): <http://www.ccparaguay.com.py>
- Custom house brokers association (Centro de Despachantes de Aduana del Paraguay): <http://www.cdap.org.py>

- Exporters trade association
(CAPEX--Camara Paraguaya de Exportadores): capex@telesurf.com.py
- Industrialists trade association (Union Industrial Paraguaya): <http://www.uip.org.py>
- Importers trade association (Centro
de Importadores del Paraguay): <http://www.cip.org.py>
- Local business federation (FEPRINCO--Federacion de la Produccion,
la Industria y el Comercio): feprinco@quanta.com.py - Fax: (595-21) 446638
- Paraguayan-American Chamber of Commerce, Asuncion:
<http://www.pamcham.com.py>
- Paraguayan-American Chamber of Commerce, Ciudad del Este:
amcham@telesurf.com.py - Fax: (595-61) 512308

U.S. EMBASSY TRADE RELATED CONTACTS:

Economic & Commercial Officer, Luis Hernandez: hernandezlj@state.gov
Commercial Assistant, Beatriz de Schaerer: schaererb@state.gov
Web: <http://paraguay.usembassy.gov> and <http://asuncion.usembassy.gov>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp>.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

<http://www.export.gov/OneStopConsumer/OneStop/mrlogin.jsp>

No market research has been conducted by the U.S. Embassy in Paraguay. Companies interested in market research may contact the below listed firms/websites:

PriceWaterhouseCoopers: <http://www.pwc.com/py>
BCA--Benitez Cudas y Asociados: <http://www.bca.com.py>
CAM--Consultores Asociados de Marketing: <http://www.cam-research.com>
MONITOR S.A. Consultora: monitor@pla.net.py

Trade Events

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Please click on the following link for information on upcoming trade events:
<http://www.export.gov/tradeevents/index.asp>

Local trade events are listed in Paraguay's Ministry of Industry and Commerce website:
http://www.mic.gov.py/images/DirectoriodeFeriasdelPy_2008.pdf

A group associated with the Asuncion Sheraton Hotel hosts trade fairs. Their list of upcoming events is in the following web site: <http://www.paraguayfairs.com/>.

A major trade event in Paraguay is the annual agricultural and industrial/commercial EXPO fair (<http://www.expo.com.py>), organized by the local rural association and the industrial union. The event, however, draws more families than non-agricultural business interests. During the EXPO, and for a few days, CEDIAL--Centro de Cooperacion Empresarial y Desarrollo Industrial (<http://www.cedial.org.py>), a local business promotion center, holds a business facilitation event called "Rueda de Negocios", scheduling business talks and matchmaking interviews among visiting and local entrepreneurs. EXPO 2008--XXVII International Livestock, Industry, Agriculture, Commerce, and Services Expo/Fair will be held in Asuncion, July 5-20, 2008.

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link at the bottom of the page.

Asuncion, Paraguay, is a non Foreign Commercial Service post, with a partner post agreement with the FCS offices in Sao Paulo, Brazil. The Political, Economic, and Commercial Section at the U.S. Embassy Asuncion offers commercial services to U.S. companies interested in doing business in Paraguay, including the International Partner Search (IPS), International Company Profiles (ICP), advocacy services, and selected trade lists of potential local business partners. The Embassy websites are: <http://paraguay.usembassy.gov>.

The local Paraguayan-American Chamber of Commerce offers services along the lines of the FCS Gold Key program, and can be contacted through their website: <http://www.pamcham.com.py>.

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.